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December 13, 2004

Memorandum

To: Chairpersons Senator Bryan Sievers and Representative Jim Kurtenbach and Members of the Property Taxation Review Committee

From: Dwayne Ferguson, Senior Legislative Analyst

RE: Fiscal impact for the Property Assessment Appeal Board

Draft Bill LSB 1022HH creates the Property Assessment Appeal Board within the Department of Revenue to hear property tax assessment appeals of actions of local boards of review. The Board provides an alternative to appealing directly to district court. The aggrieved taxpayer or property owner may bypass the Board and appeal directly to district court.

The Board consists of three members appointed to staggered six-year terms. In addition to the board members, the Bill provides for an executive secretary, general counsel, and other employees.

Assumptions:

- The Board will have six employees beginning January 2007: three board members, an executive secretary, general counsel, and a secretary.
- The three board members' salaries will be comparable to a district court judge (\$112,000, plus 17.5% for benefits).
- The executive secretary's salary will be similar to that of an executive secretary or executive director of a small agency (\$73,000, plus 26.0% for benefits).
- The general counsel's salary will be comparable to a mid-range Deputy Attorney General II salary (\$63,000, plus 26.0% for benefits).
- The secretary's salary will be comparable to a mid-range secretary 2 salary (\$33,000, plus 30.0% for benefits).
- An administrative law judge 2 is estimated to cost \$75,000 plus 26.0% for benefits. It is assumed the Board will not hire administrative law judges until the second year of operation, and then according to demand.
- Additional costs for office space, office equipment, and offices supplies will be incurred. To the extent that the Department of Revenue has space, equipment, and supplies available, these costs will be reduced. These costs are not included in the estimate.

- The Board may request the Department of Inspection of Appeals have an administrative law judge to hold assessment appeal hearings. The estimated cost of a hearing is \$362. There is no estimate of how many hearings will be handled in this manner.
- It is assumed the Department of Revenue will request funding from the General Fund to operate the Board.

Fiscal Impact:

The Property Assessment Appeal Board will cost \$305,000 in salaries and benefits for the last six months of FY 2007, and \$611,000 for the whole year in FY 2008. There will be additional costs for office space, equipment, and supplies. If the Board hires administrative law judges, each one will increase salary and benefits costs by approximately \$94,000. Each appeal referred to the Department of Inspections and Appeals to be heard by an administrative law judge will cost approximately \$362.

Sources:

Department of Revenue
Department of Inspections and Appeals
Office of the Attorney General
Judicial Branch
State Employees Salary Book